

and improvements, shall be the basis for determining the amount of depreciation, and if acquired prior to that date the book value as of that date of the property shall be the cost basis for determining depreciation.

Depletion of natural deposits.

In cases of mines, oil and gas wells, and other natural deposits, the cost of development not otherwise deducted will be allowed as depletion, and in the case of leases, the deduction allowed may be equitably apportioned between the lessor and the lessee.

Same basis as that of U. S. Government.

In case the Federal Government determines depreciation or depletion of property for income tax purposes upon the basis of book value instead of original cost, the depreciation allowed under this article shall be upon the same basis.

Contributions not exceeding 10% of net income.

9. Contributions or gifts made by individuals within the income year to corporations or associations operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual, to an amount not in excess of ten per centum (10%) of the taxpayer's net income, as computed without the benefit of this sub-division.

Income taxes paid to another state.

10. Resident individuals and domestic corporations having an established business in another state, or investment in property in another state, may deduct the net income from such business or investment if such business or investment is in a State that levies a tax upon such net income. The deduction herein authorized shall in no case operate to reduce the taxable income in this State below the income actually earned in this State or properly allocable as income earned in this State. Nor shall the deduction in any way relate to income received by individuals or domestic corporations from personal services or income from mortgages, stocks, bonds, securities, and deposits.

Deductions of non-resident individuals restricted.

11. In the case of a non-resident individual, the deductions allowed in this section shall be allowed only if and to the extent that they are connected with income arising from sources within the State; and the proper apportionment and allocation of the deductions with respect to sources of income within and without the State shall be determined under rules and regulations prescribed by the Commissioner of Revenue.

Items not deductible:

SEC. 323. *Items Not Deductible.*

In computing net income no deduction shall in any case be allowed in respect of:

Living expenses.
Betterments.

(a) Personal, living, or family expenses.

(b) Any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate.

Life insurance premiums.
Gifts of corporations.

(c) Premiums paid on any life insurance policy.

(d) Contributions or gifts made by corporations.